

## Message Text

SECRET

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ACTION EA-09

INFO OCT-01 ISO-00 MC-02 SS-15 PM-04 NSC-05 CIAE-00 INR-07

NSAE-00 SSO-00 NSCE-00 INRE-00 L-03 OMB-01 ACDA-07

TRSE-00 EAE-00 /054 W

----- 117872

O 261119Z APR 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC IMMEDIATE 4682

SECDEF WASHDC IMMEDIATE

CINCPAC HONOLULU IMMEDIATE

COMUSMACTHAI IMMEDIATE

CSAF IMMEDIATE

CSA IMMEDIATE

S E C R E T BANGKOK 11511

SECDEF FOR DEP ASST SEC ABRAMORITZ

CINCPAC FOR ADMIRAL GAYLER

COMUSMACTHAI FOR GENERAL ADERHOLT

E.O. 11652: GDS

TAGS: MARR, MASS, TH

SUBJECT: AMMUNITION IN THAILAND (AIT) PROGRAM

REF: A) SECDEF 201727Z APR 76 B) SECSTATE 096750/211946Z APR 76

C) DIR MAT MAGT HILL AFB 222242Z APR 76 D) CSAF 241530Z APR 76

E) CDRARMCOM 251743Z APR 76 F) BANGKOK 7535 MAR 76

1. I AM DISMAYED THAT THE ARMY AND AIR FORCE INSTRUCTIONS FOR PREPARING THE LETTER OF OFFER AND ACCEPTANCE FOR THE AIT STOCKS CONTAIN UNREASONABLE TERMS AND UNACCEPTABLE PRICES. I SEE NO HOPE FOR SETTLEMENT OF THIS PROBLEM BY PRESENTING A PROPOSITION THAT WOULD BE TOTALLY UNACCEPTABLE.

2. THE REQUIREMENT FOR ADVANCE PAYMENT IS NOT REASONABLE. A SALE OF THIS MAGNITUDE CANNOT BE NEGOTIATED ON SUCH TERMS. THE NEW GOVERNMENT CANNOT BE EXPECTED TO BE ABLE TO COMMIT

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ITSELF TO PAYMENT OF SEVERAL TENS OF MILLIONS OF DOLLARS

IN CASH BY 3 MAY 1976. I CANNOT SEE HOW WE CAN EXPECT THE NEW GOVERNMENT TO REACT BY 3 MAY 76, ESPECIALLY WHEN WE ARE STILL UNABLE TO PROVIDE PRICING DATA FOR AIR FORCE STOCKS. FURTHERMORE, I CANNOT JUSTIFY IN MY OWN MIND THE ADDITION OF A 2 PERCENT ADMINISTRATIVE CHARGE WHEN JUSMAGTHAI IS DOING MOST OF THE WORK, NOT THE ARMY AND THE AIR FORCE.

3. THE PRICES ARE UNACCEPTABLE. I CANNOT UNDERSTAND WHY \$51.6 MILLIONS OF MUNITIONS ARE PRICED AT ABOUT \$65 MILLION, WITH THE AIR FORCE ANTICIPATING AN INCREASE OF THE CURRENTLY QUOTED PRICE?? EVEN AFTER WE REDUCE THE STOCKS BY ITEMS ALREADY DECLARED EXCESS AND OFFERED TO THE RTG AT NO COST, THE PRICE OF THE TOTAL PACKAGE FAR EXCEEDS WHAT WE CAN REASONABLY JUSTIFY. ALSO SOME ITEMS WERE PRICED AT THE SAME COST REGARDLESS OF THE CONDITION OF THE STOCKS. FOR EXAMPLE, 105 MM HOWITZER AMMUNITION IS PRICED AT \$46.88 FOR BOTH CONDITION CODES A (SERVICEABLE, ISSUABLE WITHOUT QUALIFICATION) AND E (UNSERVICEABLE, LIMITED RESTORATION REQUIRED). ABOUT 25 PERCENT OF THE STOCKS ARE CONDITION CODE E OR WORSE. I FEEL THAT GENEROUS ALLOWANCES FOR THE CONDITION OF THE STOCKS SHOULD BE MADE. FINALLY THE SAVINGS TO THE GOVERNMENT OF NOT RETROGRADING AND UNPACKING THIS AMMO SHOULD BE TAKEN INTO CONSIDERATION. ADDRESSEES WILL RECALL THAT MANY PALLETS ARE TERMITE-RIDDEN AND NEED TO BE REPLACED.

4. I REQUEST THAT WE BE GIVEN MORE TIME THAN THE 3 MAY DEADLINE ALLOWS TO NEGOTIATE THE SALE OF THE AIT STOCKS, THAT THE UNIT PRICES FOR THE LETTER OF OFFER AND ACCEPTANCE BE REDUCED SIGNIFICANTLY, AND THAT THE REQUIREMENTS FOR CASH IN ADVANCE AND A 2 PERCENT ADMINISTRATIVE CHARGE BE ELIMINATED. I BELIEVE THAT THIS IS THE ONLY FAIR AND SENSIBLE WAY TO PROCEED.  
WHITEHOUSE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AMMUNITION, SURPLUS MILITARY EQUIPMENT SALES, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 APR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ullricre  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BANGKO11511  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760157-0833  
**From:** BANGKOK  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Line Count:** 95  
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**Office:** ACTION EA  
**Original Classification:** SECRET  
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**Page Count:** 2  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ullricre  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 JUN 2004 by BoyleJA>; APPROVED <29 SEP 2004 by ullricre>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AMMUNITION IN THAILAND (AIT) PROGRAM  
**TAGS:** MARR, MASS, TH, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006